



Transportation Equity and Exterior Fixed Route Bus Advertising

Department of Transportation Services
City & County of Honolulu
January 2014



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Situation

- Bus cuts July 2012
- Improvements in 2013
- More bus service improvements needed
- Committed to look for alternative sources of revenue
 - Do not raise fares
 - Look for a new sustainable revenue source



Transportation Equity

- Access to affordable and reliable transportation widens opportunity and is essential to addressing poverty, unemployment, and other equal opportunity goals such as access to good schools and health care services.

The Leadership Conference



Revenue Sources

- Operating Revenues (per ROH, Sec. 13-6.6)
 - Sustainable: Farebox (Cash/Pass), Advertisement revenue
 - Interior advertising (~175K - ~185K per year)
- FTA Grants (Operating and CIP)
- Subsidization (difference)
- Nationally: Farebox recovery ratios range between 10% - 60% with a Median of ~35%
 - ROH: 27 - 33 %; ~28% 2013



Exterior Advertising

- US: Most transit systems are not self supporting
 - Advertising revenue/Subsidies cover costs
 - Most large systems accumulate long term debt
- State law does not prohibit exterior advertising on buses (vehicles used to transport people)
- State law gives Counties power to regulate
- ROH currently permits interior advertising but prohibits exterior advertising



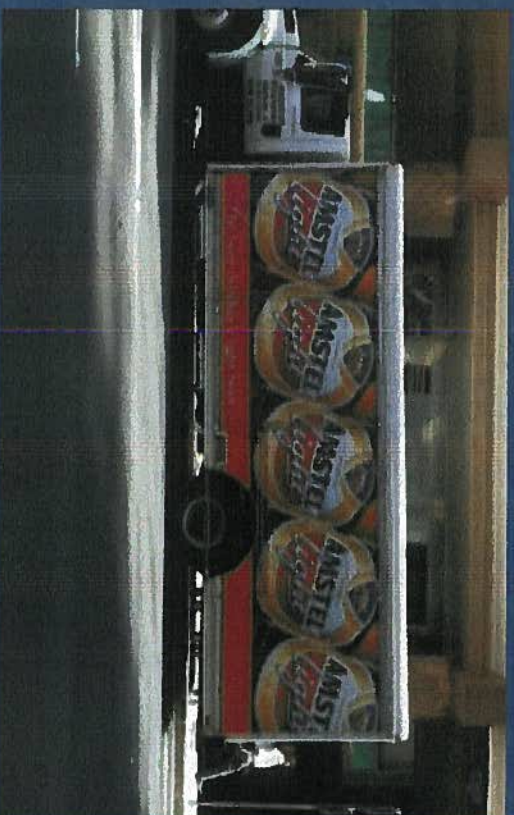
Historical Transit Advertising



Historical Transit Advertising



Advertising on the Streets 2014



Advertising on the Streets 2014



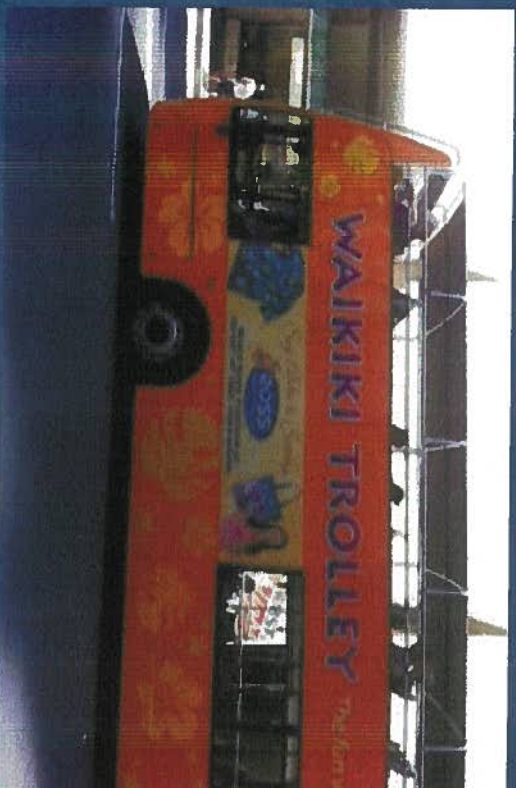
Advertising on the Streets 2014



Advertising on the Streets 2014



Third-Party Sponsorship on the Streets 2014



Current State Regulations

Hawaii Revised Statutes §445-111 Definitions. As used in this chapter:

(1) "Outdoor advertising device" means any device which is:

- (A) A writing, picture, painting, light, model, display, emblem, sign, or similar device situated outdoors, which is so designed that it draws the attention of persons in any public highway, park, or other public place to any property, services, entertainment, or amusement, bought, sold, rented, hired, offered, or otherwise traded in by any person, or to the place or person where or by whom such buying, selling, renting, hiring, offering, or other trading is carried on;
- (B) A sign, poster, notice, bill, or word or words in writing situated outdoors and so designed that it draws attention of and is read by persons in any public highway, park, or other public place; or
- (C) A sign, writing, symbol, or emblem made of lights, or a device or design made of lights so designed that its primary function is not giving light, which is situated outdoors and draws the attention of persons in any public highway, park or other public place.



Current State Regulations

Hawaii Revised Statutes §445-112(7) Where and when permitted.

(7) Any outdoor advertising device carried by persons or placed upon vehicles used for the transportation of persons or goods, except as provided under section 445-112.5, relating to vehicular advertising devices.

Hawaii Revised Statutes §445-112.5 Vehicular advertising prohibited; penalty.

It is **unlawful** for any person **to operate** or park, or cause to be operated or parked, **on any street, roadway, or other public place, roadway, or other public place, any vehicle or trailer carrying a vehicular advertising device** for consideration or any other economic benefit **if the vehicle or trailer is used primarily to display a vehicular advertising device.**

"Vehicular advertising device" means any sign, writing, picture, poster, painting, notice, bill, model, display, symbol, emblem, or similar device, which is so designed that it draws the attention of persons in any public street, roadway, or other public place.



Current State Regulations

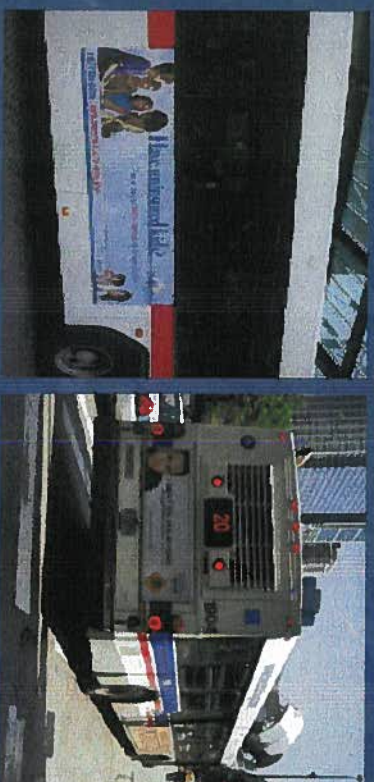
Hawaii Revised Statutes §445-113 Regulation by Counties.

Except for outdoor advertising devices authorized under section 445-112(16) and (17) [Inapplicable], the several counties may adopt ordinances regulating billboards and outdoor advertising devices not prohibited by sections 445-111 to 445-121.



Bus Exterior Advertising Options

- Interior (Existing)
- Side and Tail Advertising
- Wraps (OPPOSED)



Interior (Existing)

Bus Cards



Revenue: >\$175K - \$185K per year



Interior Advertising Revenue

Current advertising contract terms call for minimum \$10K per month or 33% total gross monthly revenue to be paid to the City and County of Honolulu

Revenue FY13: \$184,452.54

Conclusion: Relative to transit operating costs, interior advertising revenue is insufficient, roughly .085% (not even a tenth of one percent).



Bus Exterior (Side) Advertising



Comparative Market Rates:

King
30"H x 144"W

Market	Net Media Rate per 4 Weeks
Seattle, WA	\$450
Phoenix, AZ	\$600
Oregon / Western WA	\$495
San Diego, CA	\$900
San Antonio, TX	\$450



Bus Exterior (Side) Advertising

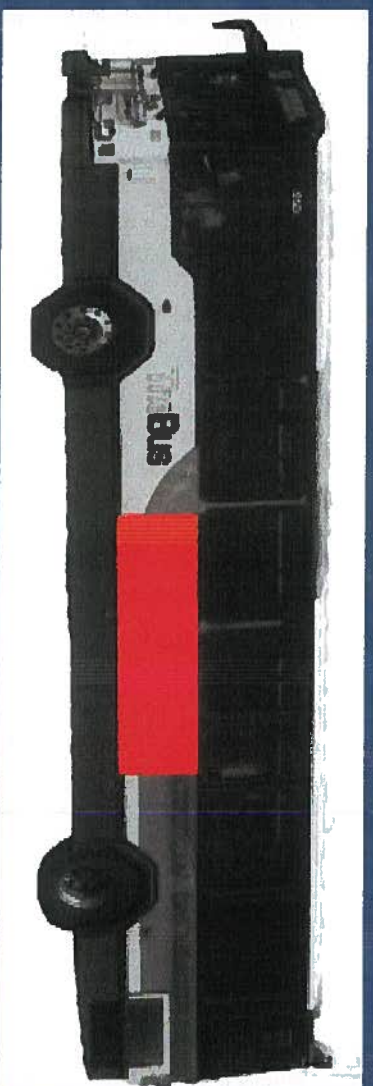
King
30"H x 144"W



Estimated Revenue: \$450 x 500 buses x 12 months = \$2.7M



Bus Exterior (Side) Advertising



Comparative Market Rates:

Queen

37"H x 88"W

Market	Net Media Rate per 4 Weeks
Phoenix, AZ	\$500
Oregon / Western WA	\$455
San Diego, CA	\$400



Bus Exterior (Side) Advertising

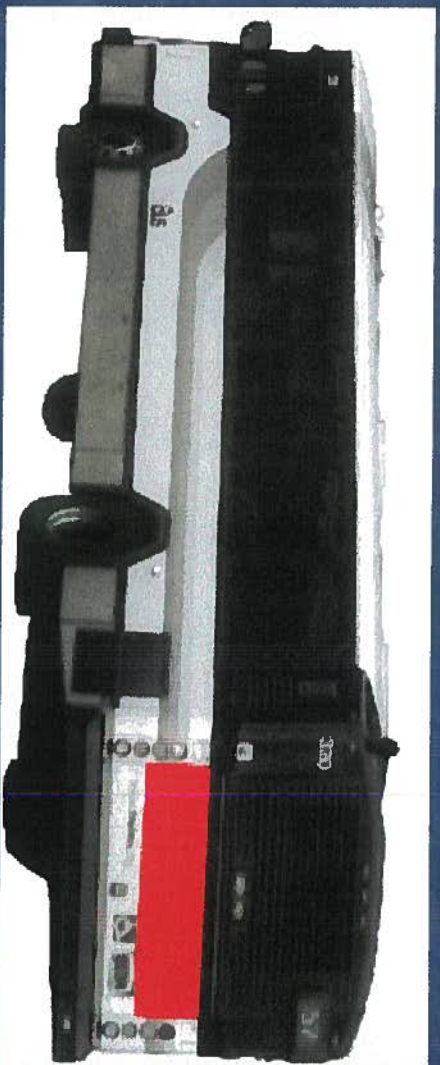
Queen
37"H x 88"W



Estimated Revenue: \$400 x 500 buses x 12 months = \$2.4M



Bus Exterior (Tail) Advertising



Comparative Market Rates:

Tail

21"H x 70"W

Market	Net Media Rate per 4 Weeks
Seattle, WA	\$350
Phoenix, AZ	\$550
Oregon / Western WA	\$455
San Diego, CA	\$600



Bus Exterior (Tail) Advertising

Tail

21"H x 70"W



Estimated Revenue: \$400 x 500 buses x 12 months = ~\$2.4M



Potential Exterior Advertising Revenue Summary

<u>Category</u>	<u>Potential Revenue (Annual)</u>
Side Advertising	
King	\$2.7M - \$5.4M
Queen	\$2.4M - \$4.8M
Tail Advertising	\$2.4M
Total:	\$2.4M - \$7.8M



Exterior Advertising Considerations

Cities with exterior bus advertising include:

Portland (TriMet)



Seattle



San Diego



San Francisco



Los Angeles



Fresno



Exterior Advertising Considerations

Bellevue



Oakland



Vancouver



Tacoma



Stockton



Phoenix



Long Beach



Reno



Salem



The Transit Community Spoke

We Listened

TheBus Routes/Service Areas	Service Improvement Proposals	Estimated Costs
Route E County Express! E/ Ewa Beach - Waipahu - Downtown	Restore service from Alapa'i Transit Center to Waikiki	\$1,100,000
Route 5/ Ala Moana - Manoa	Increase afternoon peak service frequency	\$60,000
Route 2L/ Waikiki-School-Middle Limited	Increase service by providing morning and afternoon service in both directions (add westbound trips during morning peak hours, add eastbound trips during afternoon peak hours)	\$500,000
Route 13/ Liliha-Waikiki-UH	Increase number of buses operating during morning peak hours	\$250,000
Route 55/ Honolulu-Kaneohe-Haleiwa	Increase service frequency to less than 40 minutes between buses	\$850,000
NEW/ Central Oahu - Kapolei	Introduce new all-day service between Central Oahu and Kapolei	\$2,900,000
	Total:	\$5,660,000

